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# FARMERS' BULLETIN

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Contribution from the Office of Markets and Rural Organization, Charles J. Brand, Chief.

## COOPERATIVE LIVE STOCK SHIPPING ASSOCIATIONS.

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### INTRODUCTION.

In sections where live stock production is incidental to other systems of farming, and more especially in dairying districts where most farmers have only a small number of animals to sell at one time, there is a considerable amount of stock in excess of local demands which must be marketed by farmers in less than carload lots. Even in sections where stock feeding predominates a similar condition exists. The low grade of these small lots of stock, particularly of cattle, ordinarily causes them to be discriminated against unjustly, and when abnormal market conditions and fluctuations occur local buyers and shippers are compelled to purchase at large margins under market prices in order to be certain of their profit.

On account of limited local demand, a large part of the live stock of the country must be shipped to the central markets. This fact has

NOTE.—This bulletin is intended to give to farmers and stockmen who have small numbers of live stock to sell information as to how to organize for the purpose of making car-lot shipments to central markets. It should be of special interest to communities which do not have satisfactory local markets for live stock, and where cooperative shipping associations are feasible.

made it possible for local buyers to operate extensively in farming sections, where the individual farmer does not produce in numbers sufficient to ship in carload quantities. The margin of profit on which these country buyers operate is often exorbitant. In some communities the buyers, contrary to law, are said to have an understanding among themselves whereby they eliminate competition and force the farmers to sell at fixed prices. To a large degree these factors account for the rapid spread of the cooperative shipping movement.

### ORIGIN AND EXTENT OF THE MOVEMENT.

Farmers' live stock shipping associations are one of the newer forms of organized cooperation. Although for many years it has been more or less common for several farmers in a community to combine their live stock to make a carload for shipment to market, it is only within the past seven years that associations have been formed for this purpose. The first cooperative organization for shipping stock in this country of which any record has been found was formed at Litchfield, Minn., in 1908. The immediate success of the enterprise prompted similar organizations in other communities, until at the present time the Department of Agriculture has a list of approximately 500 organizations in the various States that are shipping stock in a cooperative way. About 200 of these are in Minnesota, and the remainder are divided among the following States in numerical order: Wisconsin, Nebraska, Iowa, North Dakota, South Dakota, Kansas, Michigan, Illinois, Indiana, and Ohio. Included in this total are a number of cooperative elevators and other farmers' organizations that are conducting a live stock shipping business as a branch or department of the organization.

### ADVANTAGES OF SHIPPING ASSOCIATIONS.

Several advantages are derived by farmers from cooperation in marketing their stock. Foremost among them is the greater net return to the farmer. He receives the actual market price for his stock, less the cost of marketing. Returns from thin stock, calves and lambs shipped in this way often are surprising, as it is on these classes of stock that the local buyers ordinarily make their largest profits, 100 per cent being not uncommon.

The economy in time and labor spent in collecting and delivering stock for shipment is an important feature of the shipping association. Usually there are several buyers operating in a community, driving about from farm to farm dickering with the farmers for their stock. Wherever the farmers have organized shipping associations the business of local buyers has been reduced and in some cases entirely displaced. One association manager often is enabled to ship

the stock from the same territory formerly covered by several local shippers. It is reported from one county of Minnesota in which shipping associations have been organized that seven association managers now are shipping the stock previously purchased by 24 local stock buyers. A similar condition exists in numerous other localities.

Through these associations the farmer usually can market his stock when it is ready and does not have to wait until a local shipper is ready to buy it. Further, he is reimbursed for animals killed or injured in transit, whether he consigns one head or a carload of stock. This is made possible by a fund set aside for that purpose, concerning which mention will be made later. Another advantage of importance is the consideration received at the central market, due to the volume of business handled through the association.

### HOW TO ORGANIZE.

The simple form of organization that suffices for such associations is one of their leading features. In the first place, practically no capital is required, since payment is not made to members for stock shipped until the returns are received from the market. To organize it is necessary only that the farmers of a community meet together, adopt a simple constitution and by-laws, and elect officers and a board of directors, who in turn appoint a manager.

Although in order to transact business it is not necessary for an association of this nature to incorporate under the State laws, it is advisable to do so as a protection to the members. If not incorporated the organization, as such, can not sue or be sued, and in case of the loss of stock from railroad wrecks or other cause the manager could not enforce claims for the association, but each shipper would be compelled to present claims for his own losses. The cost of incorporating is comparatively small—usually not more than \$10.

The following form of constitution and by-laws for farmers' cooperative live stock shipping associations originated with the association at Litchfield, Minn., and is one which is being used by many associations in Minnesota and other States.

### CONSTITUTION.

#### ARTICLE I.

*Name.*—The name of this organization shall be —.

#### ARTICLE II.

*Place.*—The place of operation shall be in — and vicinity, and all regular and special meetings shall be held in —, as prescribed in the by-laws.

## ARTICLE III.

*Time.*—The time over which this organization shall extend shall be indefinite.

## ARTICLE IV.

*Purpose.*—The purpose of this organization shall be to obtain reasonable prices and to secure the best possible results in the marketing of live stock.

## ARTICLE V.

*Membership.*—Any person making use of the shipping facilities of this association shall be entitled to membership by paying a membership fee of —.

## ARTICLE VI.

*Management.*—This organization shall be managed by a board of directors, composed of — members of the association, who shall be elected at the annual meeting. In case of vacancy, caused by resignation or otherwise, in the membership of the board, the same shall be filled by the remaining members of the board, and the member so elected shall hold office for the unexpired term, or until new members are elected and qualified. The board of directors shall appoint a manager, who shall not be one of their members. They shall decide on the system of accounting to be used, and shall provide for suitable auditing of the manager's accounts.

## ARTICLE VII.

*Officers.*—Immediately after the annual meeting the board of directors shall elect from their own members a president, a vice president, and a secretary-treasurer. These officers shall hold the same office in the association as in the board. All officers shall hold office one year or until their successors have been elected and qualified.

## ARTICLE VIII.

*Amendments.*—Amendments to this constitution may be made at any regular meeting by a two-thirds vote, when 30 days' notice of the same has been given by announcement to the members.

## ARTICLE IX.

*Quorum.*—A majority of members of the board shall constitute a quorum and may do any business that may properly come before said board.

## ARTICLE X.

*By-laws.*—By-laws and rules covering the operation of this association may be made from time to time in the manner prescribed for the amendments to this constitution.

## BY-LAWS.

## CHAPTER 1.

The shipment of stock in this association shall be made regardless of membership, and the delivery of stock to the manager and the acceptance thereof by him binds the shipper to the rules and by-laws of this association. All who

desire to ship stock with the association shall report to the manager the kind of stock, the number of each kind, and the approximate weight of each, when it is ready to be marketed. When a sufficient amount of live stock has been reported to be ready for shipment to make a full carload, the manager shall order a car for making the shipment, and shall notify each party having stock listed, and state at what time the stock is to be delivered for loading.

## CHAPTER 2.

SECTION 1. *Duties of the manager.*—The manager shall be at the yard on the day the shipment is to be made, unless he shall have secured a competent substitute, and shall receive all the stock, and weigh, mark, and load the same on the car. He shall have charge of and direct the sale of all shipments, and receive all money therefor, and pay the same to the shippers, less his commission and all other expenses incurred in making the shipment, or when so directed send the money by mail to the shippers. He shall furnish a statement to every shipper, showing net weights, prices received, and expenses of shipment. He shall keep on file a complete statement of settlement, together with returns from the commission firm selling the live stock for the association. In a book kept for that purpose, he shall keep a record showing the number of cars shipped, and the amount of stock in such cars, during the year. He shall also keep an account of all disbursements and receipts for the association. At the annual meeting he shall furnish a detailed statement of all business done during the year.

SECTION 2. The manager shall receive as compensation for his services the amount of — cents per hundred pounds of stock sold by him, and no other compensation from the association, except that he shall have the right to charge for any outlay for materials needed in making partitions to separate the stock in the car and for bedding, said amount to be charged to the expense of the shipment for which it was incurred.

SECTION 3. The manager shall furnish a satisfactory bond, which shall be approved by the board of directors. Said bond shall be for the faithful discharge of his duties.

## CHAPTER 3.

SECTION 1. *Protection fund.*—There shall be deducted on every hundred pounds of weight of sheep and hogs 3 cents, and for every hundred pounds of live weight of cattle 2 cents, and the same shall be placed in the sinking fund, to be used for the paying of losses that may occur to any stock from the time it comes into the hands of the manager until final disposition of same is made.

SECTION 2. *Losses—How paid.*—Any shipper whose stock has been damaged by injury while in the hands of the manager shall receive the full amount for the same as though the stock had not been injured, but shall be subject to the same ratio of expense on the shipment. The payment of the damage shall be based on a statement made by the commission firm having charge of the shipment, which statement shall show the amount received for the injured animal and the amount, in their opinion, it would have brought had it not been injured. This statement shall be the final basis for settlement. No damage shall be paid for an animal which was not in healthy condition when received at the local yards by the manager.

## CHAPTER 4.

SECTION 1. *Unhealthy stock.*—All stock which must be sold subject to inspection, except such as has been injured while in a healthy condition and in charge

of the manager, or any diseased animal, shall be received at the owner's risk, and he shall receive such payment therefor as is received by the commission firm, less all expenses figured pro rata on the shipment.

Several years' experience with the foregoing constitution and by-laws has brought forth the following suggestions from association managers in the way of changes and additions:

Article VI of the constitution states that the board of directors shall be elected at the annual meeting. It is recommended by officials of some of the more successful associations that instead of electing the full board at one time a portion of the members be elected each year, so that at all times the board will be composed of members a majority of whom have held office for at least one year and are therefore familiar with the details of the business.

In addition, Article VI should specify the time of holding the annual meeting. It is suggested that this be held during the early winter, preferably not later than the first week in January. This is generally the heaviest shipping period, and the members are therefore particularly interested in the business of the association. It is also the time of year when the farmers can attend most conveniently.

Wherever agreeable to members it is considered advisable that the office of secretary and treasurer be held by a banker or other business man in the town in which the organization operates instead of by a farmer located several miles out of town. Bankers usually are somewhat familiar with the live stock business and are conveniently situated and equipped to perform the duties of the office.

Some associations recommend that a clause be included in the by-laws to provide for the assessment of damages in case of the non-delivery of stock that has been listed for shipment on a certain day. This is one of the common difficulties experienced by live stock shipping associations. The manager orders car space for a certain amount of stock and when a part of this stock is not delivered the shipping expenses of the other members are increased proportionately. It is thought, therefore, that by requiring negligent members to pay the loss sustained through nondelivery of stock the trouble would be brought to a minimum.

The managers of some of the older associations, together with others familiar with the details of the business, advise that the sinking fund be limited to an amount sufficient only for emergencies. The board of directors should determine the size of the fund, and when the full amount has been accumulated the charges should be so fixed as to maintain it at about that point. This would do away with the possibility of any trouble arising from the distribution of a surplus as dividends among the members. Therefore it is suggested that chapter 3, section 1, of the by-laws be amended to this effect.

In order that the shipments of the association may be disposed of in whatever manner may be found most advantageous under varying conditions, the following may be added to the fourth sentence of section 1, chapter 2, of the by-laws: *or from the purchaser of the stock.* Similarly, section 2 of chapter 3 may be modified by inserting after "shipment" *or by the purchaser of the stock.*

Some associations have included in the by-laws a chapter stating that nonmembers who ship stock with the association will be charged a small fee for the privilege. This fee varies from 2 to 5 cents per hundredweight and is placed in the general fund. The advisability of such a plan, at least until the association is well established in a community, is doubtful. Many are of the opinion that it tends to keep farmers from shipping their stock with the association, and as successful cooperation depends largely upon patronage every effort should be made to assure it. Moreover, if the association wishes to do an interstate business, it is very desirable that it should have the benefit of the exemption conferred by section 6 of the Clayton Act<sup>1</sup> upon agricultural organizations.

If the association deals with the nonmember, in order to comply with the requirements of section 6 it is necessary for it to deal with him upon the same terms as it does with a member. Any charge to a nonmember patron in excess of the cost of the service rendered him and his proportionate share of the expense of operating the association would strip the organization of its nonprofit character, and thereby deprive it of the privileges which strictly cooperative organizations enjoy under the United States antitrust laws.

On account of the wide variation in local conditions it is not feasible to formulate a uniform constitution and by-laws for associations in all sections. Therefore it will be advisable in many cases to consider such minor modifications of the foregoing forms as may adapt them to the conditions of the community in question. Competent legal counsel should be consulted concerning the articles of organization, to insure that they conform in every particular to the statutes of the State and the United States antitrust laws, if conducting interstate business, and provide the utmost protection to members of the association.

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<sup>1</sup> Section 6 of the Clayton Act is here set out in full for the guidance of those who may desire to shape their organization in conformity with its requirements.

Thirty-eighth United States Statutes at Large, page 731.

"That the labor of a human being is not a commodity or article of commerce. Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws."



### THE MANAGER: QUALIFICATIONS AND DUTIES.

Special care should be given to the selection of the manager, as the success of the association largely rests with him. It is essential that he be both honest and capable, with a thorough knowledge of live stock and an understanding of business methods and principles. Some associations have employed local stock buyers as managers. These buyers as a rule thoroughly understand the shipping and marketing of live stock and are well acquainted with the farmers of the community. Such men are exceptionally well fitted to manage a shipping association if they are able to grasp the spirit of cooperation and have the confidence of the farmers.

The duties of the manager are as described in the foregoing by-laws. He must see that proper car space is ordered to contain the stock listed for each shipment and be on hand on shipping days to receive, mark, and weigh the stock and see that it is properly loaded. He must determine the market and commission firm to which the stock is to be consigned, and, whenever possible, accompany the stock to market to see that it receives careful attention and to keep posted on market prices and conditions.

### MARKING, SHIPPING, AND SELLING.

Usually a certain day of the week is set aside for the shipment of stock to market. This may be determined by the board of directors or by the association at a general meeting. In so doing, consideration should be given to the market to which the stock is to be consigned, in order that it may arrive there at the most advantageous time. The shipping date being fixed, the farmers notify the manager by telephone or otherwise of the number of head and approximate weights of the different kinds of stock they have to ship. This should be done several days in advance so that the manager will have sufficient time to arrange for cars. In case there is not sufficient stock to fill a car on the appointed day, shipment may be deferred until enough has been reported, in which case the manager notifies the farmers who have stock listed as to the day he will receive it. (See fig. 1.)

It is important that stock listed for shipment on a certain day be delivered unless a release is procured from the manager. This avoids inconvenience both to the manager and to the other members. As previously stated, in some associations a fixed amount is exacted from a shipper for failure to deliver stock to the manager as agreed. In every case the amount to be exacted should be reasonable and should fairly represent the actual loss which it is estimated the association will suffer as a result of nondelivery. The provision for liquidated damage is proper because the manager must arrange for a certain amount of car space, and freight must be paid on minimum carload weights.

On the regular shipping days the farmers deliver their stock to the manager, who weighs and marks it. He also issues a receipt for each delivery showing the name of the farmer and the number, class, weight, and mark of the stock. A manifest, that is, a record of all deliveries in the shipment, is then made and summarized on a card or sheet prepared for that purpose. This prevents duplication of marks and furnishes a record for the commission firm to which the stock is consigned. In case the manager does not accompany the stock to market, this record may be tacked in the car, and when the stock is unloaded at the yards the card is removed by a yard em-



FIG. 1.—Shipping day at Litchfield, Mich. Association members delivering stock.

ployee and delivered by him to the commission firm. In some cases where sufficient time elapses this record may be mailed by special delivery letter to the commission firm.

To facilitate identification of stock, each shipper is given a number or character for each class of animals, and his stock is marked accordingly. Marking usually is done in one of the following ways:

- (1) By clipping Roman numerals or other characters with scissors on some conspicuous part of the animal. A pair of 8-inch scissors with curved blades, costing about 50 cents, has been found very satisfactory for this purpose. Some managers prefer small straight scissors similar to those used by barbers.

- (2) By the use of paint. Ordinary paint has been found unsatisfactory for marking hogs, as it does not dry readily enough to pre-

vent smearing. For this purpose the paint should contain about 25 per cent varnish.

(3) By the use of numbered ear tags. This method is used the least of the three. Often it is difficult at the stockyards to get close enough to the animals to see the number on the tag. For that reason tags are considered objectionable by many associations.

The common method of marking cattle and calves is to clip the mark on the right hip of the animal. (See fig. 2.) To designate a fresh cow and calf in a shipment the same numeral is clipped on the right shoulder of each animal. Some associations number the animals consecutively instead of indicating the stock of each shipper by a certain mark or numeral. This is particularly desirable in case of cattle that are pooled at the market. Also, the position of

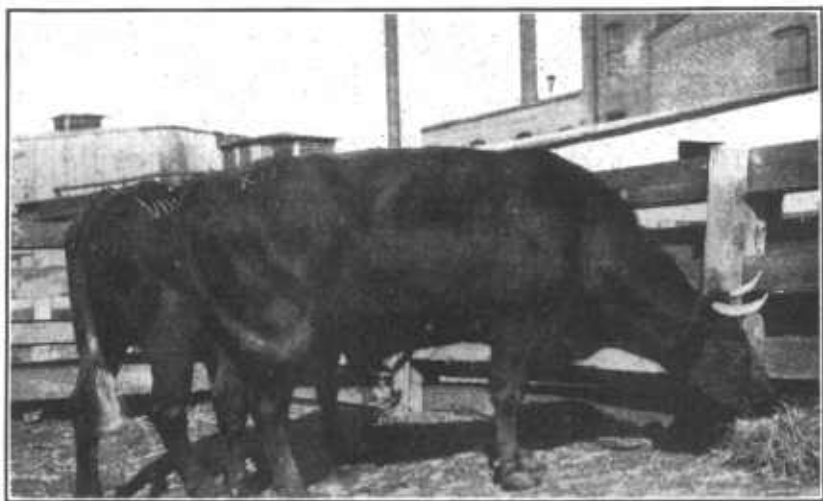


FIG. 2.—A satisfactory method of marking cattle for shipment. Numerals clipped in hair with scissors.

the mark on the animal may designate the owner. Thus the same number may be used on the right hip to denote one owner, on the left hip to denote another owner, on the sides, shoulders, or neck for other owners. In this way many animals can be marked without using large numerals in any case. The important features of any system of marking are that it should be uniform for all shipments, and the marks should be plain and on a conspicuous part of the animal.

Sheep usually are marked with paint applied to the top of the head, the shoulders, back, or hips. By using several combinations and different colors a large number of sheep may be marked. Branding fluid is preferable to paint for marking sheep, as it does not

injure the wool. Paint will not scour out and therefore is objectionable from the standpoint of wool manufacturers.

Hogs may be marked by any one of the three methods mentioned above. Paint generally is used because it is most convenient to apply and the marks are most easily distinguished. A round brush 1 inch in diameter may be used and stripes made across the back. By using different colors of paint and varying the number of stripes and their position on the animals, a large number of lots may be given different marks that are easily distinguished. Some associations are marking hogs very successfully by clipping marks on the backs of the animals. It is a simple matter to mark hogs if done before unloading from the wagon.

In many associations hogs are not marked, but those of each shipper are graded by the manager at the shipping point, and a record of sows, boars, and stags subject to dockage is kept. In this case the hogs are pooled at the market and shrinkage is prorated on the basis of weight. However, as a matter of protection to the owners, the marking of hogs is strongly advocated, because in case hogs of a certain mark show that they have been "stuffed" before delivery, or that they have shrunk excessively, or in case of discrepancy in dockage, the proper adjustments can be made. Hogs of the same grade, though marked differently, usually are sold together at the market and the shrinkage prorated as in the case of unmarked shipments.

It is an advantage to shippers to have all hogs of the same grade in a shipment weighed together at the market, thereby avoiding a large number of drafts on the scales and the loss due to the fact that the stockyard weights show only 10-pound points. The same is true of sheep and calves. In the case of cattle, however, the shrinkage may differ considerably among the different animals in a shipment. It is desirable, therefore, that the cattle of each owner be weighed separately at the market in order that each may stand his proper share of the total shrinkage.

#### FEEES.

An annual membership fee is required from each person who ships stock through the associations, excepting in some instances where an additional shipping charge is made to nonmembers. The fee is small, usually not more than 50 cents, and is deducted annually from the returns of the first shipment of each farmer. A specified rate per hundredweight or car also is deducted from each shipment to cover the manager's commission and running expenses and to provide for a sinking fund.

The amount set aside for the manager's commission varies among the different associations from 5 to 8 cents per hundredweight. Some

associations, instead of basing the manager's compensation on live weight, pay him a specified amount per car, usually \$10 to \$15 for the first car and \$5 for each additional car of a shipment.

The sinking or protection fund is in the nature of an insurance and is set aside for the purpose of paying for animals killed or injured in transit. The usual amounts deducted for this fund are 2 cents per hundredweight on cattle and 3 cents per hundredweight on hogs, sheep, and calves. This is the most common method and usually the most satisfactory. At least one association, instead of computing the sinking fund on the basis of weight, deducts 2 per cent of the proceeds of the shipment to provide for this fund and all home expenses. The advantage claimed is that each shipper bears expenses in proportion to the value of his stock. However, the labor and other expense required to market a poor animal is as great as in the case of a good animal. Other things being equal, therefore, it seems more equitable to base expenses on weight than on value.

As previously stated, a considerable amount of live stock shipping is done by farmers' cooperative elevator companies. Generally they buy the stock outright, just as they do grain, and return the profits as dividends to the stockholders. In some cases, however, the live stock shipments are handled on the same basis as in a separate live stock shipping association.

#### PRORATING THE PROCEEDS.

After the shipment is sold an account sales is rendered by the commission firm to the manager of the association, and a check for the proceeds of the sale, less freight and market expenses, is remitted.

Figure 3 presents an actual account sales of a carload of mixed stock. It shows the use of different marks in accounting for each owner's animals, thereby enabling the manager to prorate the various items.

Upon receipt of the account sales and remittance, the manager prorates the shrinkage, expenses, and proceeds among the various owners of the shipment. An itemized statement is made by the manager or secretary for each owner, showing home and market weights, price per pound, and amount received for his stock, his share of home and market expenses, and his net returns. This statement accompanies the check sent to each owner.

It is advisable to designate each shipment by a number and to insert the shipment number on each farmer's check as it is sent out. This serves as a safeguard against error and simplifies the manager's records. The books should be carefully audited by the board of directors and be open for inspection by any member at all times. Absolute publicity of accounts should be provided.

A preliminary study of the office methods of these associations indicates that a systematic and simple accounting system is a universal need; accordingly a plan of this kind has been devised by the specialists in marketing business practice in the Office of Markets and Rural Organization. The system is now being used by five associations

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FIG. 3.—Account sales of a carload of mixed stock.

in different States, and as soon as perfected to the proper point it will be prepared for distribution among associations desiring to introduce it.

## PRACTICAL RESULTS.

The yearly increase in the number of cars of stock shipped by various live stock shipping associations is evidence of the fact that farmers are quick to see the benefits derived from cooperation in the shipping of stock.

The following figures show the yearly increase in business of three associations and may be considered indicative of what is being accomplished by some of the more successful associations in other States.

*Litchfield (Minn.) Farmers' Shipping Association.*

Year.	Carloads of stock.	Gross receipts.
1908-----	14 -----	\$11, 599. 26
1909-----	35 -----	39, 669. 27
1910-----	81 -----	102, 163. 37
1911-----	104 -----	114, 764. 56
1912-----	146 -----	181, 544. 10
1913-----	153 -----	218, 116. 25
1914-----	173 -----	256, 044. 14

*St. Charles (Minn.) Inter-County Farmers' Shipping Association.*

1911-----	65 -----	.
1912-----	97 -----	104, 576. 00
1913-----	109 -----	135, 383. 77
1914-----	169 -----	216, 017. 24

*Atwater (Minn.) Live Stock Shippers' Association.*

1911-----	29 -----	26, 606. 00
1912-----	62 -----	66, 164. 00
1913-----	75 -----	102, 425. 92
1914-----	89 -----	124, 228. 40

From these records it is seen that the first seven years' business of the Litchfield, Minn., association amounted to a total of 706 cars of stock (or 14,797,054 pounds using the average weight per car for 1913 and 1914). The average cost of marketing stock in this association for 1913 and 1914 was 33 cents per 100 pounds. This latter figure is said by farmers to be from 10 to 40 cents per hundredweight below the margin on which local buyers formerly purchased stock from farmers. Assuming the local buyer's margin to be 50 cents per hundredweight, a very conservative estimate, the association at Litchfield, Minn., saved the shippers \$6,221.15 during the year 1914, and has saved them a grand total of \$25,155 since its organization. Considering the fact that there are about 200 of these associations in Minnesota, enormous benefit to the farmers is obvious. It has been estimated that in 1914 approximately \$6,000,000 worth of live stock was shipped by cooperative associations in Minnesota. Officials familiar with conditions in the State believe that within a few years a large percentage of the stock sent to central markets from Minnesota will be marketed in this way.

As further evidence of results obtained, the following is quoted from a "Report upon Cooperation and Marketing," published by the Wisconsin State Board of Public Affairs in 1912:

One farmer writes—

"Veal, for instance, which brought \$5 per hundred before, brings \$7.25 per hundred now that we do our own shipping. Butchers often offered us one-third of what calves were worth and called us crazy when we complained. We are now shipping together every two or three weeks and find that we are not at all foolish, as the merchants and butchers claim."

Another—

"Our association effects to us a saving of about 65 cents per hundred on hogs and 70 to 75 cents per hundred on cattle and sheep. We have through our organization in this country [community] shipped several hundred carloads of live stock in the last year, and when I say we have made a saving of 50 cents per hundred pounds I am making it low. I might say that in some localities in our country [community] the individual stock buyer is a thing of the past. \* \* \* We think we can show by actual figures that we have distributed among the farmers \$40,000 this year that would not have been received had it not been for cooperation in this one place."

Another farmer, a member of a shipping association which did a business of \$130,000 last year, writes us that thousands of dollars have been saved by this association to the farmer. Judging by the information we have received, a saving of from 30 to 100 per cent has resulted from the work of these societies.

The itemized statements of market prices, expenses, and shrinkage which are rendered to each shipper greatly increase their interest in market quotations and demands. Managers of associations which have been organized for some time state that the quality of live stock in their communities has improved noticeably. The raising of uniform breeds of stock is being encouraged and this is a step toward community breeding.

As an adjunct to the stock-shipping business, cooperative buying is being conducted by a number of associations. Buying is confined principally to the purchase of grain and feeds in carload lots for stock-feeding purposes. Farmers usually haul the feed direct from the cars. Some of the older associations, however, have warehouses where supplies of various kinds are stored and sold to their members as called for. One association reported that during the spring of 1915 it supplied its members with corn at 12 cents per bushel less than dealers were charging, and that considerable amounts were saved in the price of other feeds.

### SUMMARY.

(1) Cooperative live stock shipping up to the present time has been confined almost entirely to a few Middle Western States and sections within these States where live stock production is a side line in connection with general or specialized systems of farming operations. The extensive and rapid development of these associations during the seven years since their origin is indicative of marked benefits to their members, and the movement must be recog-



nized as a factor of permanent and growing importance in the marketing of live stock.

(2) Simplicity of organization and the fact that no capital is required make the cooperative shipping of live stock peculiarly adapted to communities in which more complex forms of cooperation would be impracticable. Although not necessarily feasible in all sections, especially those in which live stock generally is marketed in carload lots, or where there is insufficient stock suitable for shipment to market, or where the central markets are not readily accessible, nevertheless there are many communities in various parts of the country which would be greatly benefited by such associations.

(3) The principal requisites to the success of these associations are a competent manager and loyalty on the part of members. It is important that the manager be well known in the community and experienced in marketing live stock. He also should be a man whose reputation in business dealings has been such as to gain the confidence of the farmers.

(4) It is important that all stock be marked at the shipping point. This prevents errors relative to shrinkage and dockages and assists in making proper adjustments in case of loss or damage in transit. Some associations do not mark hogs, but grade them at the shipping point. It is generally considered, however, that better satisfaction to all may be obtained by marking all classes of stock.

(5) It should be the manager's duty to prorate the receipts, expenditures, and shrinkage for each shipment, as from his knowledge of each shipper's stock and from records made on shipping day concerning each he is best prepared, as a rule, to adjust the individual accounts more equitably than can be done by the commission firm.

(6) Wherever these associations have been formed an appreciable saving to the farmer has resulted. The profit that formerly went to the local shipper now goes to the farmer, and he has the satisfaction of knowing that he will receive for his stock the actual market price, less the cost of marketing. Moreover, the activities of a competent manager and the influence of a successful association make for a general improvement in methods of marketing live stock and a better knowledge of market prices and conditions by farmers in the entire community. The beneficial influence thus exerted is of no less importance than the actual saving to members on the shipments handled by the association.